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UNEMPLOYMENT AS A SOCIAL PROBLEM IN  
URBAN COLOMBIA: MYTH AND REALITY

by

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MYTH AND REALITY

Introduction

The rather rapid increase in open unemployment rates which seems to have occurred in a number of less developed countries between the 1950s and the 1960s has raised the alarm that this problem may become more severe in the 70s and subsequently, as the rapid rural to urban population shift continues or intensifies in these countries. The well documented tendency for many countries to introduce modern capital intensive machinery in their industrial (and other urban) sectors, while at the same time medical improvements increase the rate of population and labour force growth and bad rural conditions encourage migration to the cities, make these fears seem plausible.

Colombia is a case in point. It is clear that effective policymaking in that country will henceforth require a detailed understanding of urban unemployment. The phenomenon did become more severe in the 1960's, as far as can be surmised, and there are many auguries of its remaining substantial for some time to come. Appropriate decisions will require an understanding of:

- a) The characteristics of the economy which cause it;
- b) Its impact on total output and income in the economy;
- and
- c) Its overall social cost, part of which is likely not to be measured in terms of output foregone but in uncertainty, instability of income, etc.

Poverty and Unemployment--Which is More Serious?  
Are they Part of the Same Package?

Policy makers in many underdeveloped countries are in the process of adding improvement in income distribution and reduction in the level of unemployment to their main goals. Discussion continues as to whether output maximization is or is not in serious conflict with the other two; it is widely assumed that unemployment is of a piece with the poverty and distribution problems, i.e., that the bulk of the unemployed are from the working class and the marginal urban dwellers. And it is frequently hypothesized that people who are at one point of time openly unemployed are likely to be underemployed or disguisedly unemployed at other times--that is, that these two categories may not be far from each other on a spectrum of "occupational problems."

Much interest attaches to the issue of whether a low open unemployment rate need be treated as a separate policy goal; this would be unnecessary if unemployment were so closely entwined with poverty-income distribution that the alleviation of both problems involved the same policy measures. And reduction of unemployment as a goal would have substantially less interest were it found that the unemployed are not at the bottom of the "welfare scale."

Perhaps the most frequent interpretation of the unemployment phenomenon is that the masses of relatively uneducated and unskilled rural to urban migrants, along with some native born city dwellers compete for too few unskilled jobs with the unsuccessful competitors being "weeded out" into the unemployment pool. Such a view makes unemployment very much part and parcel of the income distribution problem--the more serious is unemployment then, almost by definition, the more serious also is poverty and the more skewed is income distribution. In macro terms, the unemployment is a result simply of a low total demand for labour.

A second interpretation, jointly of the rapid rural to urban migration and of the unemployment in the cities, links both to a substantial wage differential between the rural and urban areas, and suggests that unemployment will continue to be severe as long as that differential remains; the migratory flow is hypothesized to involve either an individual risk taking point of view, or a family income maximizing and averaging phenomenon, i.e., either from the individual or family point of view it is better to take a chance on getting a good paying urban job, even though unemployment is also a definite possibility, than to accept the much lower rural wage, even though it can be earned with certainty.<sup>1</sup> This interpretation and the previous one are pessimistic in that, along with other information on the structure of the economy, they suggest the unemployment phenomenon will become more severe, and that unemployment is a serious and somewhat separate welfare problem from the other difficulties such as generalized poverty which a less developed country may have.

But several characteristics of open unemployment as observed in Colombia appear inconsistent with the above explanations, with respect both to the basic mechanism which generates unemployment, and its severity relative to other social problems the country may face.<sup>2</sup> Many of the unemployed are

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<sup>1</sup>See Michael Todaro: "A Model of Labor Migration and Urban Unemployment in less Developed Countries," American Economic Review, (March, 1969).

This interpretation differs from the first one in implying that the open unemployment might have been avoided were migration lower; this does not mean necessarily that there is no unemployment in rural areas, though the theory loses interest unless, at the least, it is assumed to be less severe there.

<sup>2</sup>It should be noted that Todaro's explanation of the phenomenon (op. cit.) was developed in the context of African countries, which may be substantially different in certain relevant structural aspects from the Latin countries, or at least from Colombia.

relatively well educated and are searching for jobs which would put them high in the country's income distribution; the unemployment rate for immigrants to cities tends to be lower (at least for larger cities where the comparison is possible) than for urban natives, with or without standardization for age and education.<sup>1</sup> These facts, and others mentioned below, suggest a third hypothesis--that a good share of the unemployment is better explained as a discrepancy between aspirations and actual possibilities in terms of occupational status, income, etc. of persons who are in a position to refuse unattractive possibilities while waiting for the desired one. The phenomenon may thus be more a reflection of relative well being than of poverty. Both empirical evidence and logic (which suggests that an individual or family without any wealth cannot continue to subsist unemployed) tend to support this view. It is also consistent with the fact that, among less developed countries, some of those with the lowest urban unemployment rates have relatively low income levels.<sup>2</sup>

This paper attempts on the one hand to ascertain the relative validity of the competing hypotheses just cited, in the process focusing to some extent on the nature of the unemployment (part time work, hard core unemployment, etc.) and on the other to compare unemployment and general poverty as sources of low welfare. Comparison of the unemployed with low income employed people in terms of such characteristics as (pre-unemployment) income, occupation sought, current living standards, etc., is a relevant exercise

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<sup>1</sup>In one variant of the Harris-Todaro theory of migration cum unemployment, the key distinction is between "good jobs", which essentially means jobs in the modern sector, and everything else. The sort of unemployment statistics available in Colombia do not bear on this distinction, though clearly a substantial share of the officially employed have casual and/or low productivity occupations. While the theory might hold up better in this variant, there is little evidence that immigrants in Colombia are in any important degree risk takers with respect to the sort of employment they will get.

<sup>2</sup>Evidence from many other countries, even quite poor ones, also seems to fit this mold rather well, e.g., India (see George Rosen, Democracy and Economic Change in India, Berkeley and Los Angeles, University of California Press, 1966, Chap. 8).

both to give perspective as to how seriously the unemployment problem as such should be taken, and to better understand its nature and causes.

It should be emphasized that the discussion is mainly limited to open unemployment and does not consider the possibly much more important disguised unemployment, which may have serious output-loss implications and is frequently associated with low income levels and a serious "welfare" problem. The hypothesis, therefore, is not that unemployment as a whole but rather "open unemployment"-- on which much of the discussion has focussed-- is a relatively unimportant social problem. A corollary is that more attention and research should be directed to those other, probably more serious, forms of unemployment.

#### The Null Hypothesis: Unemployment as a Luxury Good

To structure the discussion to follow, it is convenient to set out in some detail the null hypothesis to be tested.

1. A major component of the unemployment pool consists of people who with reasonable effort would be able to get some job, but who are unemployed because they prefer to continue to search for preferred ones, with better income, prestige, or work conditions.<sup>1</sup>

2. A high proportion of the unemployed will be young and relatively well educated. The educational level attained tends to define the sort of

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<sup>1</sup>The typical dividing line between voluntary and involuntary unemployment, related to whether the person is actively seeking a job, clearly leaves some ambiguity as to the vigor with which the job is sought. A person's search activities could be better described as involving both a certain total level of job seeking effort, and a distribution of that activity among certain possible types of jobs. The situation hypothesized here is one in which little or no effort is expended in looking for certain types of jobs while some or perhaps a great deal of effort, depending on the situation, is directed at obtaining other types. Obviously the likelihood that a person will remain unemployed depends both on his general level of job seeking effort and on the relationship between the direction of that effort and the types of jobs which can most easily be found. Qualified seekers may have found certain types of white collar jobs to be scarcer recently than they might have been, say, in the early fifties.

occupation a person will look for, and unwillingness to accept relatively menial tasks is only plausible for persons with a certain level of education. Youth, which connotes relative lack of responsibilities, ability to rely on family for a living and perhaps optimism, implies a greater tendency to accept unemployment rather than an unsatisfactory job.<sup>1</sup> Since the possibility of depending on family is greater for single people, one might (as a corollary) hypothesize that the unemployment rate, other things being equal, would be higher for single than for married people.<sup>2</sup>

3. For a given age and educational level the unemployment rate will be higher for people born in cities than for people who have emigrated to them. Several factors would be expected to work in this direction. First, uncertainty of job acquisition and inadequate wealth level to sustain unemployment over a lengthy period of time are likely to act as a deterrent to many people's migration unless and until they have obtained a job. Typically migrants have lower wealth levels on which to draw than city born people, whose parents may have built up a certain reserve; young urban job seekers can subsist more easily on average than rural ones since they can live with their parents; some but not all immigrants can live with relatives or friends;

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<sup>1</sup>Another reason to expect a higher unemployment rate for this group is simply that many are first entrants and even if overall employment difficulties are small, the frictional (looking around among alternatives) type of unemployment should be highest for them. Hence it is of interest to compare the "previous workers" unemployed rate by age (as well as the total rate).

<sup>2</sup>There is, of course, an identification problem in the testing of this relationship since there may be a causal relationship running from "having a job" to "getting married."



both these differences suggest that the latter group will remain in the unemployed state a shorter period of time before reverting to less desirable jobs.<sup>1</sup> Finally some migrants may have a specific place to which to return, whereas the native born person presumably must remain in the city. All these arguments are age and education specific. Many migrants, because of inferior education, are likely to accept menial jobs readily, so the overall unemployment rate should be even farther below that of the city born than the age and education specific ones.

4. The participation rates for those groups with high unemployment will be relatively low; the freedom to remain unemployed for a lengthy period and not to search at all (i.e., not to be formally unemployed) depends on the same background factors. If it had strong poverty implications, it would be expected that high unemployment for a given group would necessarily imply high participation rates for that group.

5. To sum up, the representative<sup>2</sup> unemployed person is not badly off compared to many people in the labour force; his unemployment reflects (a) the fact that someone is able to maintain him; and (b) his high aspirations relative to the jobs available. People who never had such high aspirations, or have had them scaled down, are found in the labour force and are worse off--at least from an economic point of view--than would be the unemployed if they

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<sup>1</sup>It might be added that female immigrants are more easily lured into prostitution (an activity which of course keeps them out of the unemployed pool) than city born girls.

<sup>2</sup>Or perhaps better, the "median" (on some welfare scale) since the concept of a representative unemployed person may be misleading.

could obtain the job they want. While this latter comparison does not prove that the unemployed--while they are unemployed--are better off than the low income work force, it suggests that the currently unemployed are not low (relatively speaking) in terms of the present value of their lifetime income stream.<sup>1</sup>

6. The social cost of open unemployment in terms of insecurity may not be particularly severe, since when a person achieves stable employment after going through a long search and/or an aspiration adjustment process, his job security may be relatively high. This is consistent with (though not proven by) the low unemployment rates characterizing people in the middle age groups and the fact that a good deal of unemployment results from voluntary job leaving rather than firing.

In the discussion which follows, the opposite set of hypotheses should be kept in mind, i.e., that the unemployed are marginal, ill prepared, disproportionately immigrants, and that their security and welfare are seriously affected by the difficulties of getting and retaining a job. Neither extreme set of assumptions is likely to explain satisfactorily all unemployment, so effort must be directed to ascertaining what part of it is of each type or what intermediate combination of assumptions best explains the reality.

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<sup>1</sup>All of these propositions are familiar ones in the context of developed countries, though the way in which unemployment is explained remains a matter of some disagreement. Much of the literature on the phenomenon in L.D.C.'s implies that the factors at work are different in kind from those in the developed countries; the idea that the factor proportions problem (too little capital to go around) is a key determinant of unemployment is an example.

## A Review of Information on Unemployment

This section summarizes some relevant historical information on unemployment and participation rates.

The rate of open urban unemployment was higher in the 1960s than it was in the early 1950s, though it is not clear whether this reflects an upward secular trend or not.<sup>1</sup> Within the 60s no trend appears; for urban areas as a whole, the rate has tended to fluctuate around a level of 10%. A crude index of urban unemployment for the four largest cities (Bogota, Medellin, Cali, and Barranquilla) shows no trend since 1963, but rather an increase followed by a decrease<sup>2</sup>--see Table 1. More doubtful evidence for all municipal seats taken together coming from the 1951 and 1964 population censuses and the 1970 DANE household survey suggests a marked increase between 1951 and 1964 with the 1970 level about equal to that of 1964.<sup>3</sup> Since 1951 was

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<sup>1</sup>Since the systematic collection of figures began only in 1962, and the evidence from the 1951 census is difficult to interpret, no firm conclusions as to trend can be drawn.

<sup>2</sup>The 1964 census showed an implausibly low percent of people searching for jobs for the first time so CEDE and DANE sample survey evidence on the relative importance of this form of unemployment was used to adjust the recorded 6.8% total unemployment rate upward. The 1951 census also had the cited bias, among others. For a more detailed discussion of these statistical problems and of the way in which the figures cited here were derived see A. Berry, "Unemployment as a Social Problem in Urban Colombia: Some Preliminary Hypotheses and Interpretations," Yale Economic Growth Center Discussion Paper No. 145, circa p. 12.

It is worth noting that the share of unemployment accounted for by first time job seekers is much higher in Colombia (almost 40% in urban Colombia according to the 1970 DANE household sample) than in a more developed country with lower population growth (the share in the U.S. in 1967 was 13.1%--see U.S. Department of Labor, Manpower Report of the President, April, 1971, p. 235.

<sup>3</sup>Roughly, the figures appear to indicate an employment rate in 1951 of 3 to 7% and in 1964 of 8 to 10%. In both years, the unadjusted figures are lower than this but have apparent downward biases.

Table 1

Urban Unemployment Measures Over Time

Year	Weighted Average of Open Unemployment Rates of the Four Largest Cities (CEDE-based estimates)	Urban (Cabeceras) Rates of Unemployment (DANE Census and sample- base estimates)
	(1)	(2)
1951		3-7
1963	10 -12	
1964	10 -12	8-10
1965	9.5-11.5	
1966	10.5-12.5	
1967	13 -15	
1968	12 -14	
1969	9.5-12.5	
1970		10.0

Sources and Methodology for Table 1

Column (1) is designed to be a weighted (by economically active population) average of the unemployment rate in the four largest cities (Bogota, Medellin, Cali and Barranquilla.) For some years data was non-existent or infrequently existent for some of the cities. Crude guesses were taken at their rates for those years. The range presented takes into account the possibility of substantial error in the guesses at the rates for cities without data in a given year. Column (2) is based on adjustments to the population census figures in 1951 and 1964 and on the 1970 DANE household survey for 1970. (See DANE, Boletin Mensual de Estadistica No. 238, Mayo 1971, p. 62.) For further details see Berry, "Unemployment as ...," op. cit., p. 13.

in the midst of Colombia's most rapid growth phase, it might be argued that part (perhaps a substantial amount) of the difference with 1964 was due to cyclical rather than secular factors. Further, it seems plausible that the frictional and semi-voluntary components of unemployment should rise as the economy develops--cities become larger, mobility of people greater, preparation more specialized and expectations more precise;<sup>1</sup> it would not be

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<sup>1</sup>This is consistent with the fact that the open unemployment recorded by the censuses is higher in municipal seats than in rural zones, and in general somewhat higher in larger cities than in small.

implausible to assume that it rose by one or two percent in the 1951-1964 intercensal period. If another part of the increase were due to the different cyclical position of the economy at the two points of time, nothing might be left to be interpreted as a "structural increase."<sup>1</sup>

While it may be concluded that the overall unemployment rate did not undergo any significant net change over the period 1964-1970 (though CEDE's 1967 figures suggest it rose and then fell again during this interval--see Table 2) there were changes in structure. The male unemployment rate for previous workers dropped from around 7.5 to 6.0, according to the figures, while the corresponding rate for females rose from about 4.5 to 6.0%. The first time seekers rate was very high for women in 1970 (5.8%); how much of the change from the insignificant level (0.26) reported in 1964 was real cannot be easily guessed.<sup>2</sup> An increase in female unemployment rates might well be expected given the rapid increase in the female participation rates (see Table 3). CEDE data indicate that usually about 50% of the female unemployed are first time seekers, as compared with a range of 20-35% for men, depending on the year, city, etc.

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<sup>1</sup>Note also that a small part of the increase is a natural result of a younger labour force. If the true urban unemployment rate in 1964 had been, say, 10%, application of that year's observed age and sex specific unemployment rates would have implied an unemployment rate of a little less in 1951, perhaps 9 percent.

<sup>2</sup>It seems almost certain that this category was in fact underreported in 1964. Even in 1964, when the census estimation of unemployment had improved over 1951, its handling still appears to have left much to be desired, judging from the internal inconsistencies reported to have been found in many of the questionnaires.

Table 2

Urban<sup>1</sup> Unemployment Rates by Type of Unemployment:  
1964, 1967 and 1970

	<u>1964 - Municipal Seats<sup>2</sup></u>			<u>1967 - Eight Cities</u>			<u>1970 - Urban</u>		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Previous Workers	6.41- 6.85 <sup>3</sup>	7.23- 7.68 <sup>3</sup>	4.41- 4.67 <sup>3</sup>	9.51	9.32	9.86	6.05	6.01	6.01
(urban plus rural)	(3.99- 4.51)	(4.19- 4.75)	(3.19- 3.56)				(4.57)	(4.16)	(5.73)
First time job seekers	n.a.	n.a.	n.a.	5.13	3.11	8.66	3.91	2.75	5.83
(urban plus rural)	(0.24)	(0.24)	(0.26)				(2.93)	(1.88)	(5.83)
Total Urban Labor Force	6.79- 7.26	7.69- 8.17	4.67- 4.95	14.65	12.43	18.52	9.96	8.78	12.14
(urban plus rural)	(4.23- 4.75)	(4.43- 4.99)	(3.45- 3.82)				(7.50)	(6.04)	(11.56)

<sup>1</sup> Bracketed figures refer to the country as a whole, in those cases where urban figures were not available and where the comparison seems of interest.

<sup>2</sup> A range is estimated since one category in the census--"workers without employment on the censal date but who worked the minimum required during the censal year"--is impossible to interpret. These people were either unemployed on the censal date or were not part of the labour force--i.e., were not looking for work.

Since this ambiguous category could not be disaggregated between "municipal seats" and "other localities," the lower limit estimate here excludes it and the upper limit estimate assumes two thirds of the people in this category were urban and unemployed; (somewhat over two thirds of the other unemployment categories were composed of urban persons).

<sup>3</sup> To estimate these figures (the census did not distinguish previous workers and first job seekers at the urban level--only for the country as a whole) it was assumed that the share of first time job seekers in total unemployment was a little higher in the municipal seats than in other localities. The result is not sensitive to this assumption since the number of first time job seekers reported is so small.

Sources and Methodology

The 1964 data are from DANE, Censo Nacional de Poblacion: Resumen General, 1964, pp. 110-112.

The 1967 information is from ILO, op. cit.

The 1970 information was deduced from age specific rates of unemployment by type presented in DANE, Boletin Mensual de Estadistica, No. 238, p. 62.

Table 3

Urban (Municipal Seat) Labour Force Participation

By Age and Sex: 1951, 1964 and 1970

(percent)

Age	Total	Male	Female
<u>1951</u>			
10-14	11.2	12.8	9.8
15-19	50.2	71.6	34.8
20-24	60.1	91.8	34.9
25-34	58.6	96.6	27.7
35-44	57.6	97.2	25.1
45-54	54.5	95.0	21.1
55-64	47.0	88.5	16.3
65 +	29.4	63.2	9.6
15-64	55.86	90.52	28.31
<u>1964</u>			
10-14	6.1	6.4	5.6
15-19	37.0*	47.6*	28.9*
20-24	57.0*	83.5*	36.2*
25-34	58.3	94.7	27.9
35-44	58.4	96.5	25.7
45-54	55.4	94.3	22.5
55-64	46.6	84.6	16.3
65 +	24.8	48.7	8.4
15-64	52.49	83.07	27.64
<u>1970</u>			
12-19	22.8	25.9	20.3
15-19 (estimated)	33.3	40.5	28.0
20-24	58.7	76.9	44.8
25-34	64.9	95.9	39.3
35-44	64.4	96.5	35.2
45-54	60.6	93.9	30.2
55-64	47.7	77.2	20.3
65 +	22.1	42.7	8.3
15-64	-	-	-

\*It seems probable that these figures are downward biased in  
(continued on next page)

absolute terms, with respect to those of 1970, and probably also those of 1951. The failure to include first job seekers in any appreciable numbers is one source of the bias; in 1970 2.3% of the age group 12-19 would fall in this category (i.e., say 12% of the labour force).

A second and possibly related incomparability between the 1951 and 1964 censuses is the higher share of individuals about whom incomplete information was gathered in 1951 than in 1964; there is a possibility that some were classified as being in the active labour force in 1951 when in 1964 they would have been classified in "other conditions of inactivity." (For a discussion of this point see Roberto Jungito, Alvaro Lopez, Alvaro Reyes and Diego Salazar, Analisis de la Estructura y Evolucion de la Fuerza de Trabajo Colombiana: 1938, 1951, and 1964 y Proyecciones de la Poblacion Economicamente Activa, 1964-1985, CEDE, Universidad de Los Andes, Bogota, 1970, p. 18.) Since the possible range of difference made by people with either incomplete information recorded or listed under "other conditions of inactivity" seems to be 5 or 6%, this could account for most but not quite all of the difference in global average participation rates.

#### Evidence on the Welfare Cost of Open Unemployment

Hints as to the welfare meaning of unemployment may be gleaned from such factors as the extent to which the unemployed are first time job seekers, their age and family status, length of time unemployed, previous occupation category or job sought, whether they are "marginal" immigrants, etc. The hypothesis that often unemployment reflects the luxury of being able to eschew undesired work while looking for an acceptable job is supported by considerable statistical evidence relating to these questions.

1. Over 60% of the unemployed registered in eight cities surveyed in 1967 were less than 25 years old (see Table A-1); about 80% were less than 35 years old; meanwhile people of less than 25 and less than 35 accounted for about 35% and 60% of the labour force respectively. The unemployment rate for people 15-24 averaged 26.5 for the 8 cities considered, while for the age group 25-34 it was 12.8 and for 35-44 it was 7.5 (see Table A-2).<sup>1</sup>

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<sup>1</sup>It should be remembered that 1967 was a high unemployment year; in 1970 the unemployment rate for people 35-44 was about five percent.



One quarter of unemployed men were first time seekers and one half of unemployed women.

2. CEDE's 1967 survey data indicates that among the first time job seekers only a small percent were heads of families; most were wives, sons, daughters, or other relatives and a few were lodgers. Among the previously employed the number of heads of families was much higher but still a minority-- 10 to 20 percent for women and in the large cities a third and more for men.<sup>1</sup>

3. While unemployment rates were fairly high for most occupational and sector categories in 1967 they were not, in general, higher for low income jobs than for high income ones. (See Table 4). While it is true that the professional and executive unemployment rate is only one half the average, the rate for the "clerical" category is far above average; the overall rate for the blue collar and service categories is a little below average. The high clerical unemployment rate is due to the disproportionate share of first time job seekers in that category; the previous worker unemployment rate is about the same for the clerical-sales staff category and for the blue collar-service category.<sup>2</sup>

It appears that, for a substantial share of the unemployed, income earned when employed is not low. About one third of the unemployed in the eight cities in 1967 can be quickly excluded from what one might call "poverty level" unemployment.<sup>3</sup> In 1967 the professional, executive and

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<sup>1</sup>International Labor Office, Towards Full Employment: A Program for Colombia, Geneva 1970.

<sup>2</sup>Corresponding to these facts, it is interesting to observe that the unemployment rate (former job holders) is not markedly different for people of differing levels of education except for the post-secondary level.

<sup>3</sup>A minimum of 25 percent of the previous job holders are looking for jobs with incomes which would place them (roughly) in the top quarter of urban income earners and almost one half of the first time job seekers are. These estimates are minima, since only professional, executive, most of clerical plus a small percent of other categories, were included. The first figure could be as high as 40%.

Table 4

Percent Distribution of Occupations Sought by Open Urban Unemployed,  
1967, By Category

Occupation Group <sup>1</sup>	Percent Distributions						Unemployment Rate Index <sup>2</sup>
	Unemployed: Previous Job holder	Unemployed: First-time Job seeker	Total Unemployed	Employed Labour Force	Unemployment Rate		
Professional	3.1	5.4	4.0	7.4	8.35	0.57	} .50
Executive	0.7	0.3	0.6	1.8	4.83	0.33	
Clerical	19.2	34.0	24.5	14.4	24.9	1.70	} 1.29
Sales Staff	10.7	19.0	13.6	15.1	13.2	0.90	
Rural Workers	1.3	0.1	0.9	2.0	6.3	0.45	} 0.91 (or 1.05 with- out domes- tic servants)
Miners	0.4	0.3	0.3	0.3	14.65	1.00	
Transport Workers	6.4	1.9	4.7	5.7	12.01	0.82	
Craftsmen	40.1	23.1	33.5	30.5	16.1	1.10	
Labourers	2.4	3.1	2.7	2.4	16.4	1.12	
Service Workers	10.8	9.1	10.3	8.8	17.1	1.17	
Domestic Servants	1.9	0.8	1.6	9.9	2.3	0.16	
Defense and Police	0.3	---	0.2	1.0	---	0.20	
Others	2.7	2.9	2.7	0.7	---	3.85	
Total	100.0	100.0	100.0	100.0	14.65	100.0	

<sup>1</sup> As described by respondent.

<sup>2</sup> Defined as "unemployment rate of category/average unemployment rate of all categories."

clerical categories accounted for 29% of all unemployment, corresponding to 23% of the previous job holders and about 40% of first time job seekers. Meanwhile domestic servants and rural workers had low unemployment rates; both of these groups are well down in the income distribution--for them unemployment is clearly less a problem than the low income itself (though the welfare level of domestic servants is hard to measure in economic terms because of their special condition of usually having at least adequate food and lodging, and often being unmarried).

4. CEDE's 1967-68 family budget survey provides the only evidence to date on the relative expenditure patterns of the unemployed--in this case, more specifically--of families with an unemployed head; our hypothesis would suggest that this is the worst off group of unemployed. The consumption basket of families with unemployed heads suggests that they are probably at about the same absolute level as the obrero category in general.<sup>1</sup> For the four cities together the share of expenditures going for food and drink was 66.5%<sup>2</sup>; this share was about the same as that of the income category 2000-3000 pesos per three month period<sup>3</sup>, and to obreros.<sup>4</sup> It would suggest that this group corresponded on average to the second and third deciles from the bottom of the distribution;<sup>5</sup> their long run average consumption pattern would presumably put them somewhat higher than this.

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<sup>1</sup>High total consumption is closely related to the share of expenditures going to food; this share was about the same for the two groups compared here.

<sup>2</sup>Rafael Prieto, Estructura del Gasto y Distribucion del Ingreso Familiar en Cuatro Ciudades Colombianas 1967-1968, Parte Tercera CEDE, Universidad de Los Andes, Bogota, 1971, p. 93.

<sup>3</sup>Ibid., Parte Tercera, p. 13.

<sup>4</sup>Ibid., Parte Tercera, p. 91.

<sup>5</sup>Ibid., Parte Primera, p. 138.

If it is true that the younger unemployed who are searching for high income jobs are better off than the group who are family heads, then their consumption patterns probably put them fairly high in the "consumption composition distribution."

5. The luxury good hypothesis would imply below average--or at least not above average--unemployment rates in poor barrios. The limited evidence available is inconclusive. In a comparison of three Bogota barrios in 1962 Antequera found slightly lower unemployment in a low income barrio than a middle income one; both were higher than the rate of a high income barrio.<sup>1</sup> Studies of low income barrios in various cities in the late 60s revealed unemployment rates for family heads varying from well below the city averages (where everyone--not just family heads--was included) in some cases to well above it in others, though with the exception of the inquilino sample in Bogota, the figures tend to be below average for the cities. The age structures for two barrios for which these data were tabulated did not reveal disproportionate shares in the low employment age ranges, relative to the city as a whole. At the regional level, DANE's 1970 survey<sup>2</sup> indicated some tendency for the larger city--higher income zones to have higher unemployment rates; unfortunately the regions used

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<sup>1</sup>Miguel A. Antequera Stand, Ocupacion y Desocupacion en Bogota, CEDE, Universidad de Los Andes, Bogota, Julio 1962. Stand found first time job seeker unemployed rates of 2.27, 9.48 and 8.24 in the high (Los Alcazares), middle (Quiroga) and low (Las Ferias) income barrios; the "previously employed" unemployment rates were, respectively, 5.45, 9.48 and 8.63. The share of the labour force who were independent workers or family helpers was 11.6, 18.1 and 25.0 in the three cases. Probably commerce contributed a lot to this job category; its importance was 12.8%, 11.7% and 21.7% respectively. Construction and manufacturing generated more than half the unemployment in Las Ferias but less than one quarter in the other barrios.

<sup>2</sup>DANE, Boletin Mensual de Estadistica No. 238, Mayo, 1971.

Table 5

Family Head Unemployment Rates in Low Income

Barrios, Compared to City Wide Averages

	<u>Barrio Family Head Unemployment Rates</u>	<u>City-wide Rates in same year</u>
<u>Invasion Barrios</u>		
Las Colinas - Bogota 1967	6.3	12.2
Fatima, Francisco - Cali - 1968	3.3	14.9 (May)
Buena Esperanza - Barranquilla 1968	10.0	(18.4 in Oct/67 - no observation in 1968)
San Martin, Ancon, Taquanquilla - Santa Marta	7.1	
<u>"Pirata" Barrios</u>		
Alcala - Bogota - Early 71	12.0	≈ 11.0 <sup>b</sup>
Acacia - Bogota - 71	8.0	≈ 11.0 <sup>b</sup>
Alqueria - Bogota - 71	14.0	≈ 11.0 <sup>b</sup>
<u>Official Housing</u>		
Los Laches - Bogota - 1968	9.2 <sup>a</sup>	11.5
La Floresta - Cali - early 71	8.5	
<u>Inquilinos</u>		
Afiliados of Provivienda - Bogota - 1968	21.5 <sup>a</sup>	11.5

Source: The data of the first column comes from unpublished studies of the Urban and Regional Unit of Planeacion Nacional, 1971, the original sources being a number of separate studies of the cited barrios. The data of Col. (2) comes from Berry, "Unemployment as ..." op. cit., Table A-1. It must be remembered that "barrio" studies are often difficult to compare with other sources in terms of unemployment rates and similar variables; their questions may be different and may not be so carefully applied.

<sup>a</sup>In these cases the sample apparently included the whole population, not just family heads.

<sup>b</sup>preliminary estimates.

are too large and in some cases too heterogeneous to permit of easy generalizations. The relatively poor north-east has strikingly lower rates (both male and female) than any other region. Bogota, the richest center, appears to have an overall unemployment well above the national average.<sup>1</sup> CEDE's eight city 1967 study<sup>2</sup> revealed a previous workers rate a little higher in the 4 larger cities (higher for men and a trifle lower for women) than the four smaller cities and a first time seekers rate 50% higher or more for both sexes in the four largest cities. The higher total rate (a difference of over 3 percentage points for both sexes), reflects mainly this latter; it might well be that higher first time seekers unemployment rates reflect better job opportunities.

6. In 1967 it was true, for all 8 of the cities studied, that average unemployment rates were higher for natives of the city than for immigrants from elsewhere in the department or other departments (see Table 6).<sup>3</sup>

The previous workers rate differs considerably less by place of origin than does the first job seekers rate; the latter is usually 50 to 100 percent or more higher for natives than for immigrants. This might suggest that the immigrants tend not to come to the city without a job, especially those coming from the same department, who are usually looking for lower income jobs; for

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<sup>1</sup>The high male urban unemployment areas were the north coast, Bogota, and the Antioquia-Caldas-Tolima-Huila zone; the southern region (Valle-Choco and farther south) and the north-east (the Santanderes, Boyaca, and Cundinamarca excluding Bogota) are low male unemployment zones.

<sup>2</sup>Rafael Isaza and Francisco Ortega, Encuestas Urbanas de Empleo y Desempleo: Analisis y Resultados, CEDE, Universidad de Los Andes, Bogota, January 1969.

<sup>3</sup>They were sometimes higher for immigrants from the same department than for those from other departments, although this relationship varied considerably from city to city.

Table 6

Rates of Participation and Unemployment by Place of Birth:  
Eight Cities, Unweighted Averages  
1967

	Participation Rates			Unemployment Rates			
	Men	Women	Total	Men	Women	Total	Cesantes Aspirantes
<u>Baranquilla</u>	42.2	16.5	28.9	15.2	26.3	18.4	11.74 6.66
Natives	34.0	13.6	23.7	17.6	30.3	21.3	13.03 8.27
Same Department	67.0	23.8	43.3	11.4	20.4	14.1	9.84 4.26
Other Department							
<u>Bogota</u>	45.9	24.0	34.2	14.9	17.9	16.0	9.88 6.12
Natives	28.8	16.1	22.0	20.0	26.5	22.5	12.4 10.1
Same Department	74.5	40.9	55.4	11.0	12.5	11.6	8.23 3.37
Other Department	50.9	25.6	37.5	14.1	16.3	14.9	9.79 5.10
<u>Bucaramanga</u>	43.2	25.4	33.5	7.4	13.3	9.8	6.04 3.76
Natives	27.4	18.3	22.7	10.0	15.6	12.3	6.74 5.57
Same Department	70.4	35.5	29.3	6.0	11.1	8.2	5.54 2.65
Other Department	62.3	27.3	43.9	4.9	14.6	8.1	5.67 2.43
<u>Cali</u>	45.1	21.1	32.5	11.1	22.3	14.9	9.30 5.6
Natives	24.0	17.1	20.6	14.2	26.6	19.3	10.69 8.61
Same Department	73.3	22.5	46.0	9.2	18.2	11.6	8.0 3.60
Other Department	71.3	26.7	46.1	10.1	-19.9	13.3	8.95 4.36

Table 6 (continued)

	Participation Rates			Unemployment Rates			
	Men	Women	Total	Men	Women	Total	Cesantes Aspirantes
<u>Ibague</u>	42.8	21.0	31.4	11.4	16.4	13.1	10.08
Natives	27.7	17.2	22.2	16.0	19.9	17.6	14.62
Same Department	59.9	30.3	43.9	10.7	15.6	12.5	88.72
Other Department	60.4	17.5	39.2	6.6	8.5	7.0	5.13
							1.87
<u>Manizales</u>	43.3	20.6	31.6	15.5	21.2	17.4	12.87
Natives	33.2	13.8	23.8	19.4	24.2	20.8	13.68
Same Department	57.8	29.0	41.8	13.3	21.2	16.3	13.71
Other Department	60.6	27.6	42.2	10.6	16.9	12.9	10.32
							2.58
<u>Medellin</u>	43.0	21.7	31.6	11.8	19.2	14.5	9.64
Natives	26.1	15.0	20.5	12.3	24.7	16.9	10.72
Same Department	63.6	28.0	43.4	13.4	15.4	14.1	10.00
Other Department	57.8	27.4	41.2	3.7	21.3	10.1	5.35
							4.75
<u>Popayan</u>	43.7	27.8	35.0	8.3	14.1	10.8	5.87
Natives	34.8	20.4	27.4	9.0	20.9	13.5	6.89
Same Department	62.7	47.0	53.4	5.6	5.5	5.5	3.5
Other Department	59.3	29.8	42.1	8.9	14.1	11.1	6.34
							2.0
							4.76

Source: Isasa and Ortega, op. cit., pp. 111-112, except for the last two columns, which were calculated by the author from data in the statistical annex of the cited study.



this group the first time seekers rate tends to be in the 2 to 4 percent range whereas for natives it is seldom below 6 percent. Ascertaining whether immigrant status really bears on the tendency to be unemployed requires disaggregation by age,<sup>1</sup> occupation, the type of unemployment (previous workers vs. first job seekers), etc. Unfortunately no separate calculations of age specific unemployment rates have been made for immigrants and natives. A crude test of the null hypothesis that age specific unemployment rates are identical for natives and each of the two groups of immigrants throws some light on the issue. By assuming that the average relationship between age and unemployment rate for a given city holds for natives and for immigrants, one can calculate a "predicted" unemployment rate for each group.<sup>2</sup> This exercise suggests that in 1967 the age specific unemployment rate averaged about 20% higher for natives than for immigrants;<sup>3</sup> whether the year was

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<sup>1</sup>The fact that the average participation rates are much lower for natives of the city than for people born elsewhere (see Table 6) is consistent with the known fact that there are important differences in age distribution, the natives tending to be younger.

<sup>2</sup>I.e., by using information on age structure of each group (from the 1964 population census).

<sup>3</sup>The result was somewhat inconclusive for Bogota, as information on place of origin was missing for a substantial share of the unemployed; it appeared, however, that the actual/predicted unemployment rate ratios were about as follows: natives, 1.23; immigrants from the same department, 0.85; immigrants from other departments, 1.06. For Medellin, natives, 1.03, immigrants from the same department, 1.15 and immigrants from other departments, 0.70. For Cali, natives, 1.14, immigrants from the same department, 0.92 and immigrants from other departments, 0.94. Without taking account of differences in age structure, these indices for the three cities taken together would be 1.33, 0.80 and 0.86 respectively. Thus, age structure differences appear for each of the three groups, to account for about one half of the difference from average (i.e., from 1.00).

Note that for Bogota (information is unavailable for the other cities) average educational levels of the population in each age group are higher

atypical is hard to judge. And unfortunately it is impossible to ascertain without more information whether unemployment rates may have been higher for immigrants in some age categories even though lower on average.

Recent years have seen a substantial buildup of information on such aspects of the immigration process<sup>1</sup> as the difficulty migrants have in obtaining jobs,<sup>2</sup> their progress in terms of income and occupation after arriving, how many leave the city again as a result of failure, whether job searching is becoming more difficult over time. Simmons' study of migration to and from Bogota revealed no trends over time in the difficulty of getting work or in the status of the work the immigrants were able to get.<sup>3</sup> In all periods about 40% received help from friends to get their first job and

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for natives than for immigrants; if the same may be assumed for the economically active population, this is further evidence that the observed lower unemployment rate of the migrants is not explainable in terms of a different age/education combination which could indicate that unemployment was a more serious problem for migrants, if both age and education were taken into account, other things being equal. (If migrants had more education at each age level, and education were negatively correlated with unemployment at a given age, this might have explained the lower average age specific unemployment rate of migrants. Since the premise is false, it cannot do so. See Rafael Prieto D., "Causas del Desempleo en Colombia," in Empleo y Desempleo en Colombia, CEDE, Universidad de Los Andes, Bogota, 1968, p. 179).

<sup>1</sup>Particularly useful in this connection is Alan B. Simmons, The Emergence of Planning Orientations in a Modernizing Community: Migration, Adaptations and Family Planning in Highland Colombia, Cornell University, Latin American Studies Program, Dissertation Series No. 15, April 1970.

<sup>2</sup>Their low unemployment rate does not prove they do not have serious troubles--troubles which could lead, for example, to re-emigration.

<sup>3</sup>Simmons, op.cit., p. 112.

roughly 80% found work within the first two months of arrival,<sup>1,2</sup> it is not clear whether these proportions are higher for lower strata immigrants or not. It does appear that considerable upward mobility in job status takes place over an extended period of time, with inter-generational upward mobility seeming to be greatest for those arriving young in the city; those who arrived after age 25 show very little such mobility,<sup>3</sup> generally the migrant's first job in the city is lower than his father's typical occupation, but after 10 years he has equalled or surpassed his father's status. Since recently arrived migrants differ very little in work complexity scores from rural non-migrants with the same schooling, this suggests that the more complex jobs that the earlier migrants have attained over time is part of an occupational mobility process. It is frequently hypothesized that recent migrants to Bogota are of lower quality than the better educated and more skilled streams of migrants who came earlier in time. This could imply increasing employment and other problems. Simmons' data, however, tended to

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<sup>1</sup>This relative success in getting jobs is consistent with the experience in other countries. The large majority of immigrants to large cities in Latin America require relatively little time to find a job. Samples taken in Santiago, Buenos Aires and six Brazilian cities showed that 65-85 percent found jobs within one month (depending on the city); although data are not presented for all cities it appears that 40-60 percent find jobs immediately (or already have them). (See Joan M. Nelson, Migrants, Urban Poverty and Instability in Developing Nations, Harvard University Center for International Affairs, Occasional Papers on International Affairs, No. 22, September 1969, p. 15).

<sup>2</sup>It is interesting to note that, in the case of Bogota, if reasonable guesstimates are made as to the precise "time unemployed" profile of immigrants to Bogota, those in the "waiting line" before acquiring their first job would contribute about 0.3 points to the overall employment rate. (Calculation based in part on data from Simmons, op. cit., p. 112).

<sup>3</sup>Simmons, op. cit., p. 14.

refute this hypothesis. Garcia's study is consistent with Simmons'.<sup>1</sup>

Valuable evidence on the extent of return migration as a safety value for unsuccessful employment experience in the city is provided by Simmons. He feels that there is no evidence to suggest that return migrants to the rural areas are predominantly composed of men who have failed in the city. Although not by way of proof, the data of Table 7 suggest that return migrants from Bogota to the surrounding highlands of Boyaca and Cundinamarca are characterized by a better than average opportunity in their place of origin. The percent whose fathers were farm owners or white collar people was 72; for migrants who did not return this proportion was 63% and for non-migrants 48%.

While there might still be an element of "failure in the city" involved in the outflow, it seems unlikely that it was the major factor, and more likely that the return migrants were drawn out again by relatively attractive alternatives outside the city. Just as unemployment appears not to be a characteristic of the "worst off", neither does return migration. The individuals have higher levels of education than those who remained, and much higher than those who did not migrate out of the rural areas. They had less difficulty in finding their first urban job (95% had it within two months compared to less than 80% for the other migrants).<sup>2</sup>

In general, migrants tend to report that they are better off as a result of the move.

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<sup>1</sup>Carlos Garcia, Caracteristicas de los Inmigrantes en Cinco Ciudades Colombianas, CEDE, Universidad de Los Andes, Bogota, 1970.

<sup>2</sup>Simmons, op. cit., p. 22.

Table 7

Occupation and Education of the  
Fathers of Migrants and Rural Non-Migrants\*

Sample	Eleven Rural Village and Towns		Bogota
	Non- Migrants	Return Migrants	Migrants from Rural Boyaca/Cundinamarca
(N =)	(191)	(53)	(461)
<u>Percent distribution of father's occupation</u>			
Landless agricultural workers and renters of small plots	46	23	33
Farm owners	30	47	32
(Total Agriculture)	(77)	(70)	(65)
Commerce, services and other white collar	18	25	31
Construction, transport and other blue collar	<u>5</u>	<u>6</u>	<u>5</u>
	100	100	100
<u>Mean status of father's occupation<sup>a</sup></u>			
	2.1	2.8	2.3
<u>Father's schooling (mean years)</u>			
	2.1	4.3	2.8

\*Source: Interview sample of married men, age 20-54, in Bogota and in eleven selected towns of Boyaca/Cundinamarca. The urban figures take into account the distribution of migrants by sample strata.

+Columns do not always total 100 percent, due to rounding.

<sup>a</sup>Occupational status scored on a six point scale from 1, "unskilled manual," to 6, "owners-manager." Father's occupation was defined as his customary occupation. Details of the status classification may be found in Table 3-1 (of Simmons, op. cit.)

Source: Simmons, op.cit., p. 103.

What then, to summarize, can be said of the migration-unemployment relationship? It would seem that the most plausible interpretation of the lower unemployment rate for migrants would be some combination of (a) a tendency, especially for those in the low skill categories (frequently coming from the same department) to make sure that the job is there or that there is a high probability of its being there before migrating, (b) greater willingness to accept low income and prestige jobs in the first place, and (c) relative inability to remain jobless for long and (d) opportunity to return to place of origin. Meanwhile native born people, because their families live in the city and have a higher average wealth level are able to sustain a longer period of unemployment before being forced to take a job they did not want, leave the city, or whatever. It cannot perhaps be proven that the average lifetime income of the immigrants is lower than that of the native born people, but it seems a foregone conclusion for the "same department" migrants.

The fact that the rapid rural to urban migration goes on in the face of unemployment might be adduced as evidence that people who could have remained employed in agriculture choose to risk becoming unemployed in urban areas; the usual argument is that urban incomes are sufficiently above rural ones so that the expected value, even after allowing for some unemployment, exceeds that in agriculture.<sup>1</sup> On the other hand, the low "looking for first job" period for migrants suggests that they may be rather careful about planning jobs before they come to the city. And there is no evidence of a very large income differential (unless the 20-30% typically separating the unskilled urban

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<sup>1</sup>See, for example, Michael Todaro, op. cit.

construction worker and the agricultural laborer be considered large); it is true that educational, health and other aspects of living conditions are better in the city and these could constitute a strong pull factor. But overall, it appears that if the rural-urban migration flow is a significant cause of the urban unemployment, its effects must operate through the increased competition in the job market which these migrants create for the natives of the city.<sup>1</sup>

Since, however, many of the latter group are looking for white collar jobs and many of the migrants for blue collar ones, the opposite seems at least as likely, i.e., that the large reservoir of blue collar labour increases the demand for most types of white collar labour. In terms of competition for native blue collar workers, the evidence would rather suggest that migrants react to income differentials and are unlikely to flood the urban market in disregard for relative wages or unemployment. This is suggested in part by their relatively low unemployment rates (especially aspirante rates) and also by the close relationship over time between agricultural wage rate and the urban unskilled construction worker wage.<sup>2</sup>

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<sup>1</sup>It is a fact, of course, that a large share of the urban unemployed are immigrants. About 52% of all the unemployed in the 8 Colombian cities studies by CEDE in 1967 were not born in the cities where they sought work; but this is essentially because such a large share of the labour force of these eight cities are migrants (69%).

<sup>2</sup>See A. Berry, "Some Determinants of Changing Income Distribution in Colombia, 1930-1970," Yale Economic Growth Center, Discussion Paper No. 137, 1972.

7. What little Colombian evidence has been adduced to date on how unemployment is generated is consistent with the conclusion that most urban unemployment has a "voluntary" component. Most people who leave their jobs appear to do so by their own choice, rather than through the action of their employer.<sup>1</sup> Most job leavers in a Bogota study did so for economic reasons;<sup>2</sup> the rate of turnover in relatively good jobs such as those in modern manufacturing is low.<sup>3</sup>

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<sup>1</sup>A Baranquilla study found that about two fifths of the unemployed men and one tenth of the women lost their jobs through action originating primarily on the side of the employer. If this result were general for the country, one might conclude that the "unemployment problem" has less to do with losing one's job, than with getting it in the first place. It is not clear, when there is standardization for age and occupation, whether first time job seekers or previously employed locate jobs more quickly.

<sup>2</sup>See Rafael Prieto D., "Causas del Desempleo y Movilidad de la Fuerza de Trabajo de Bogota," in Empleo y Desempleo en Colombia, op. cit. Prieto made a detailed study of 60 people who had been unemployed in Bogota. The group had had 129 departures from work, of which 73 were for economic reasons and of these 26 were involuntary. The main reason was too low a salary or some other similar explanation. Economic motives (voluntary and involuntary) dominated much more in the case of men; voluntary economic withdrawal accounted both for about half of the withdrawals and involuntary economic for another quarter. Economic motives only accounted for one half of the withdrawals of women, such things as family, marriage, and so on being relatively much more important.

It is interesting to note that a higher share of first withdrawals from work were voluntary and due to economic motives (one half) than for subsequent withdrawals (about one quarter).

Note also that the share of people who leave their jobs voluntarily is higher in Colombia than for example in the U.S., at least if Prieto's data are representative. There, average figures for 1967 and 1968 indicate that 72.3 percent of the people who left their jobs had lost them. (President's Manpower Report, op. cit., p. 235). It must be remembered, however, that one third of the job losers (at least in 1968) were laid off rather than discharged. (See Hoyle, op. cit.). This phenomenon is not a common one in large scale plants in Colombia although it undoubtedly occurs in smaller establishments.

<sup>3</sup>See Miguel Urrutia, Historia del Sindicalismo en Colombia, Bogota, Ediciones Universidad de Los Andes, 1969, p. 272.



8. Although it is perhaps dangerous to assume that if a person is not unemployed for more than one or two months the economics of his situation cannot be too drastic, length of time unemployed is obviously a determinant of the overall seriousness of the problem. Of the two thirds of the unemployed whose economic situation may be worthy of special consideration (i.e., those not aspiring to high income jobs--see No. 3 above) one quarter do not have to search for jobs more than five weeks (Table A-3). One might by this reasoning exclude a total of 50% from the "serious" category. Finally, it could be argued that a reasonable number of the first time job seekers not already excluded on one count or another are not in a particularly difficult situation because they live with their families; this could correspond to an additional 5 to 10% of total unemployment.

To summarize, one might conclude that with an overall urban unemployment rate of 10%, perhaps 3 to 5% of the labour force is unemployed and in bad straights. This group is much smaller than the one which is employed and in bad economic straights.<sup>1</sup>

9. Changes in (age specific) participation rates over time are not inconsistent with the combination of increasing difficulty for many people in finding the job they want and sufficient financial background to remain outside the labour force. Information is at too aggregate a level to perform

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<sup>1</sup>We do not imply, of course, that the unemployed person of higher skill, wealth, etc. does not suffer; his psychological problem may well be more severe than that of the low income unemployed, but this sociological or cultural problem is not our immediate concern here.

a real test of this hypothesis. When total (male and female together) urban participation rates are considered, an increase is seen to have occurred over 1951-1970 for the age groups between 25 and 65; only the youngest two categories (15-24) witnessed decreases. When one focuses on changes in the degree of utilization of the human resources available, these total rates are the most relevant ones; it is probably true that perceived difficulties in acquiring the desired job have risen for some groups but that at the same time the degree of human resource utilization has risen.<sup>1</sup> Age specific rates for men dropped dramatically in the 15-19 age group and less so in the 20-24 age group during 1951-64 and during 1964-70 (see Table 3). Some, but perhaps not all of the decrease in age specific participation rates for young males was due to the increased schooling opportunities.<sup>2</sup> Among men over 55, the rates also fell substantially, and apparently continuously. The quite substantial decreases for people 65 and over are perhaps largely a reflection of improvements in the standard of living (though possibly also of forced retirements). But the decrease for the age group 55-64 could be in part or even largely due to increased difficulties in the job market. This is suggested by the fact that this rate is now lower in Colombia than in the U.S.

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<sup>1</sup>The overall participation rate for people 15-65 has risen since 1964. And since most of the decrease for the younger categories is associated with extended education, it cannot be treated as representing misuse of resources--rather the contrary. If one measures the joint "participation or education" rates for the three years, the figures are 59.4, 55.1 and 62.1 respectively.

<sup>2</sup>For the period 1951-1964, 16.5 points of the total decline of 24 for the group 15-19 can be accounted for in that way and 4.3 of the 8.3 points for the group 20-24. The decrease in participation rates was, however, probably overstated due to the failure of the 1964 census to pick up first time job seekers as members of the labour force. If, as seems probable, they were to account for about one half of all unemployment in the 15-24 age range, they would explain almost all of the difference between the measured decrease in participation rate and the increase on the "student rate."

whereas the "need" to continue working is presumably higher in Colombia.<sup>1</sup> The comparison with U.S. rates also suggests possible difficulties of entering the labour force for the age group 15-24. (See Table 8). Around 1950, the Colombian participation rates for males 15-19 were above those in the U.S., and for males 55-64 they were roughly equal. By about 1970, these Colombian rates were well below the U.S. ones. Comparisons are more difficult for women since the assumption of similar preferences to work is probably less valid. For women during 1951-64 rates decreased for girls under 20 but rose for most other age groups, usually by one or two percent. During 1964-70 more dramatic increases occurred, so that for the age groups 20-54 a consistent increase in the participation rate of 8-10% occurred.

One factor in judging what part of the participation rate decreases characterizing certain age categories (especially young urban males) is due to greater difficulty in finding acceptable jobs,<sup>2</sup> is the status of persons not in the labour force. Unfortunately most of the increase in non participation rates was picked up by the not very helpful category "other conditions," so little can in fact be learned this way.

#### Evidence on the Extent of Disguised Unemployment and Underemployment

Open unemployment and lowered participation rates due to difficulties of job acquisition do not exhaust the forms of underutilization of human

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<sup>1</sup>Another factor may be physical condition; by the time they reach this age many Colombians have unsatisfactory health.

<sup>2</sup>There is presumably a "natural" rate of change in labour force participation, a function of the rate of rural-urban migration, the increased capacity of school systems, the rate of change of formal education prerequisites for employment, the rate of growth of unemployment, the rate of growth of income per capita, as well perhaps as change in the social family structure.

Table 8

Colombian Urban and U.S. Total Participation Rates, Compared,  
Selected Years<sup>1</sup>

	Male				Female									
	Colombia		U.S.	(Non-white)	Colombia		U.S.	(Non-white)	Colombia		U.S.			
	1951	1970	1947	1969	1951	1970	1947	1969	1951	1970	1947	1969		
15-19	71.6	40.5	66.6*	58.3*	48.6 <sup>+</sup>	34.8	28.0	41.1*	43.3*	34.6 <sup>+</sup>	50.3	33.3	46.3	67.97
20-24	91.8	76.9	84.9	86.6	84.4	34.9	44.8	44.9	56.8	58.6	60.1	58.7	64.8	80.64
25-34	96.6	95.9	95.8	96.9	94.4	27.7	39.3	32.0	43.8	57.8	58.6	64.9	63.0	70.08
35-44	97.2	96.5	98.0	97.0	92.7	25.1	35.2	36.3	49.9	59.5	57.6	64.4	66.4	72.89
45-54	95.0	93.9	95.5	94.6	89.5	21.1	30.2	32.7	53.8	60.8	54.5	60.6	63.9	73.45
55-64	88.5	77.2	89.6	83.4	77.9	16.3	20.3	24.3	43.1	47.5	47.0	47.7	64.3	62.14
65+	63.2	42.7	47.8	27.2	26.1	9.6	8.3	8.1	9.9	11.9	29.4	22.1	24.0	17.30

\*16-19 years. The rate for the age group 15-19 would be somewhat lower.

<sup>+</sup> Approximate figures.

<sup>1</sup> Since almost all of the U.S. labour force would correspond to the Colombian definition of urban (centers of 1,500 and up), this would seem to be the appropriate comparison. Rural participation rates in Colombia are, of course, higher than urban ones.

Sources: Table 3; U.S. President's Manpower Reports, op. cit., pp. 216-217.

resources. They could well be less important in this respect than the more pervasive disguised underutilization associated with a dualistic economic structure. In this broad category it is useful to distinguish: (1) open underemployment, where the individual actively seeks more hours of work than he presently executes; (2) disguised unemployment, where he is not in the labour force although he would be if attractive employment were more easily available; (3) disguised underemployment, where he seeks less hours work than he would if more attractive employment were available; and (4) inefficient employment, where although the individual is employed in terms of the above criteria he has lower productivity than would be possible under some other labour market arrangement.<sup>1</sup> Categories (1) - (3) all tend to share with open unemployment the characteristic that a difficult economic situation must act to push the individual toward some job.<sup>2</sup> Only category (4) type underutilization seems really likely to go with poverty, and it is not really a form of unemployment in the usual sense of the term.

#### Conclusions: The Nature of the Employment Problem

The above discussion is not to argue that problems of employment need not be considered separately from problems of income and its distribution in the country's objective function; it does argue for more careful separation of these objectives and more careful weighting of the relative welfare costs

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<sup>1</sup>Simple low productivity is not the defining characteristic of this form of human resource loss; even with perfect allocation, productivity of labour is necessarily low in a poor economy. The reference is to a situation like that frequently described in the labour surplus literature, where marginal productivity of labour is low or zero in the traditional sector but much higher in the modern sector, permitting the conclusion that some of the former labour would have much higher productivity if transferred to the latter sector. Over-allocation of labour to a monopolistically competitive sector where its marginal social productivity is zero though the marginal private productivity may be substantially positive would also fit this category.

<sup>2</sup>DANE's 1970 survey estimated open underemployment (defined there as people working less than 32 hours in the censal week and wanting to work more) as 2.7 of the labour force. (DANE, Boletín Mensual No. 238, p. 60.)

of the different problems. There appear to be important employment problems in Colombia, of two rather distinct types. The more serious, though perhaps less frequent, is the difficulty of attaining any remunerative employment of the two, either working for someone else or self-employed; this difficulty, along with its implications for the individual's income involves significant costs in terms of the time and effort of finding employment and the insecurity resulting from the impermanence of employment. Perhaps construction workers are the extreme case of this problem; they are systematically hired for a given building, and may work for only a couple of months before having to move on to another job. This instability and unpredictability of future income may be equivalent to a substantial lowering of real income.

The second employment problem is that of the person with a gap between job aspirations and job possibilities; during an adjustment period he may suffer all of the problems already cited, and there may also be an additional cost of downward adjustment of aspirations (if in fact that is the way the problem is resolved). The distinguishing characteristic of this form of unemployment is its not being determined exogenously to the individual but in substantial part by the rigid aspirations of the job seekers; in other words, it occurs because the individual is unwilling to accept or perhaps to look for other jobs.

The thrust of this paper is that the open unemployment rate may not be a good indicator of "employment difficulties", where what one wishes to measure is the welfare differential relative to a society with the same income level for each individual but with no job insecurity, i.e., no difficulties in finding jobs. One reason for eschewing the use of the unemployment rate is a tendency for some really serious employment problems not

to show up in this form (for reasons discussed above) while relatively less serious problems do show up; unemployment always reflects some problem, but the more voluntary it is the less serious it is in an economic sense-- the psychological costs would require particularly subtle tools to adequately measure. A second unfortunate characteristic of the unemployment rate as an indicator is that the severe unemployment problems which may not be caught by it are suffered mostly by the particularly low income people whose welfare receives low implicit weighting in such indicators as national income per capita. In some countries where average unemployment rates are quite low, the welfare cost of difficulties of becoming employed is certainly high and is suffered by low income people.

Conceivably unemployment rates for people with low skills, or low educational levels, or low incomes would be more relevant than the total unemployment rate. Many difficulties of interpretation would remain, and more detailed information on the nature of the unemployment would in any case be desirable, even in this more restricted context, to make the indicator a precise one. But, of course, the use of an unemployment rate should not per se be dropped simply because the total rate may be a misleading indicator of employment difficulties.

Direct measures of those employment difficulties which are not reflected in terms of open unemployment could usefully be developed; such could include indicators of the number of different jobs an individual has worked at over a recent period of a few months, the amount of time during which he did not have a job defined for the near future, instability of income due to instability of employment, and so on.

While neither the open unemployment rate nor some of the more detailed information just discussed should be ruled out as interesting and relevant

pieces of information, when carefully interpreted, one major implication of the above discussion is that policy should probably be viewed more in terms of employment creation rather than unemployment avoidance; it is not clear that a rightward shift of the demand curve for the labour of relatively low income people--what is normally discussed in employment generation policies--is the opposite of unemployment avoidance. And if rural to urban migration responds rapidly to urban job creation, employment generation in the city may even generate unemployment. It appears that going slow on employment generation policies because they may be associated with creation of some open unemployment would be unwise, in view of the various surrounding conditions to which we have referred.



Table A-1  
Open Urban Unemployment by Age and Sex, 1967  
(Percentage of Total Unemployed)

Age Group	Males	Females	Total
Under 15	3.1	2.3	2.7
15 to 24	52.3	63.0	57.2
25 to 34	20.9	23.0	21.8
35 to 44	10.6	7.8	9.4
45 to 54	7.8	3.4	5.8
55 to 64	3.7	0.3	2.2
65 years and over	1.6	0.2	0.9
Total	100.0	100.0	100.0

Sources and Methodology

The table is taken directly from ILO, op. cit., p. 364. The unemployment figures correspond to 1967 for the 8 cities studied by CEDE (Encuestas Urbanas de Empleo y Desempleo, op. cit., Table 18). The by city figures presented in that study were weighted by the 1964 economically active population of the cities.

Table A-2  
Age-Specific Rates of Open Urban Unemployment in 1967  
(Percentage of Active Labour Force Unemployed)

Age Group	Males	Females	Total
Under 15	35.1	17.9	23.4
15 to 24	26.2	27.0	26.5
25 to 34	10.3	17.7	12.8
35 to 44	6.8	10.8	7.5
45 to 54	7.5	8.4	7.7
55 to 64	8.6	3.1	7.4
65 and over	7.8	0.7	6.5

Source: ILO, op. cit., p. 364.

Table A-3  
Distribution of Urban Unemployed by Length of Time Seeking Work, Occupation, and Previous Work Experience, 1967

Period of Unemployment	Professional	Executive	Clerical	Sales Staff	Transport workers	Craftsman	Laborers	Service Workers	Domestic servants	Others	Total <sup>a</sup>	1970 Urban Colombia
					All workers 100							
Total	100	100	100	100	100	100	100	100	100	100	100	100
5 weeks or more	78	57	75	77	74	73	85	73	57	89	74	73
3 months or more	53	43	50	53	41	48	67	51	33	63	50	49
1 year or more	23	--	26	26	14	23	46	27	19	16	25	= 10 or less <sup>b</sup>
Total	100	100	100	100	Previously employed 100	100	100	100	100	100	100	
5 weeks or more	73	50	70	74	74	71	81	70	50	83	71	
3 months or more	52	50	47	49	42	45	67	48	28	58	46	
1 year or more	26	--	23	22	12	20	52	24	17	17	22	
Total	100	100	100	100	First-time job seekers 100	100	100	100	100	100	100	
5 weeks or more	90	100	81	79	75	80	92	79	100	100	81	
3 months or more	55	--	54	57	38	58	67	58	67	71	56	
1 year or more	20	--	29	30	25	32	33	33	33	14	30	

<sup>a</sup>Includes mining and "rural workers" living in cities.

<sup>b</sup>The source for 1970 did not have a category for 1 year. Only 15.6% had been unemployed more than 33 weeks, so from this the figure presented here was guessed.

Sources: For 1967 figures ILU, op. cit., p. 365, and originally cited as "weighted average of CEN data from eight cities in 1967; original data from table 9 in Encuestas Urbanas de Empleo y Desempleo, op. cit., Apéndice estadístico, July 1968.

For 1970, based on tabulados of DANE, Encuesta de Hogares, 1970.